

Amendments to House Bill No. 583  
3rd Reading Copy

Requested by Representative John Fleming

For the Senate Agriculture, Livestock and Irrigation Committee

Prepared by Sue O'Connell  
April 2, 2009 (12:19pm)

1. Title, page 1, line 7.

**Following:** "~~PROVIDING A FUND TRANSFER,~~"

**Insert:** "PROVIDING A FUND TRANSFER;"

2. Page 2.

**Following:** line 18

**Insert:** "NEW SECTION. Section 2. Fund transfer. There is transferred \$250,000 from the research and commercialization state special revenue account established in 90-3-1002 to the state general fund in each year of the biennium, to be spent in accordance with 90-3-1003(4)."

**Renumber:** subsequent sections

3. Page 2, line 21 through line 22.

**Strike:** "AMOUNT ALLOCATED" on line 21 through "CHAPTER 9," on line 22

**Insert:** "general fund"

4. Page 2, line 25.

**Strike:** "Six"

**Insert:** "Four"

**Strike:** "\$360,000" in two places

**Insert:** "\$240,000" in two places

5. Page 2, line 27.

**Strike:** "\$370,000" in two places

**Insert:** "\$250,000" in two places

6. Page 2.

**Following:** line 30

**Insert:** "COORDINATION SECTION. Section 5. Coordination instruction. If [this act] is passed and approved and House Bill No. 123 fails, then the fund transfer provided for in [section 2 of this act] for fiscal year 2011 is void."

- END -

## 1 HOUSE BILL NO. 583

2 INTRODUCED BY FLEMING, FRENCH, BLACK, BRUEGGEMAN, GETZ, TAYLOR, GRINDE,  
3 STEINBEISSER, Warburton, MacDonald

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT SUPPORTING A NETWORK OF SIX ESTABLISHED MONTANA  
6 FOOD AND AGRICULTURAL DEVELOPMENT CENTERS ADMINISTERED BY THE DEPARTMENT OF  
7 AGRICULTURE; ~~PROVIDING A FUND TRANSFER;~~ PROVIDING AN APPROPRIATION; AND PROVIDING AN  
8 EFFECTIVE DATE."

9  
10 WHEREAS, the lack of infrastructure in Montana for adding value to the state's agricultural products is  
11 a primary barrier to our state capturing a significant portion of the \$3 billion that Montanans spend each year on  
12 food; and

13 WHEREAS, this lack of infrastructure is inhibiting the ability of farmers and ranchers and other agricultural  
14 entrepreneurs to serve markets for food, farm-based renewable energy, and other value-added agricultural  
15 markets, both within the state and outside the state; and

16 WHEREAS, producing for local markets on a family or community scale can reconnect Montana's rural  
17 and urban economies and enhance stewardship of Montana's natural and human resources; and

18 WHEREAS, consumer demand for Montana-based, sustainably grown, nutritious, and affordable food  
19 in Montana exceeds supply; and

20 WHEREAS, farm-derived renewable energy and biofuels hold promise to increase the profitability of  
21 family farm and ranch operations, promote domestic energy production, and lessen our dependence on foreign  
22 sources of energy; and

23 WHEREAS, previous investment and capacity built in the state for supporting value-added agricultural  
24 development needs to be maintained; and

25 WHEREAS, increasing technical assistance to Montana's food and agricultural entrepreneurs can help  
26 keep more of the state's food, agricultural, and energy dollars circulating in Montana communities.

27  
28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

29  
30 NEW SECTION. Section 1. Montana food and agricultural development program -- definition. (1)

There is a program administered by the department to promote Montana food and agricultural development. The program must fund six Montana food and agricultural development centers that were established before January 1, 2009, and that are charged with:

(a) developing Montana's capacity to produce food and value-added agricultural products, including farm-derived renewable energy; and

(b) providing technical assistance and other services to community-based food, agriculture, and farm-derived renewable energy entrepreneurs.

(2) Technical assistance includes but is not limited to business assistance, product development, marketing, nutritional analysis and labeling, education, assistance with food safety regulation compliance, training to educate business professionals and entrepreneurs on industry dynamics and technology of specific bioproduct industries, and evaluating existing and developing technologies.

(3) Each center must be a certified regional development corporation or a nonprofit organization that serves at least a four-county region.

(4) As used in this section, "farm-derived renewable energy" means renewable energy produced from products developed by farmers and ranchers, as well as entrepreneurs, using Montana farm and ranch products.

~~NEW SECTION. SECTION 2. FUND TRANSFER. THERE IS TRANSFERRED \$740,000 FROM THE RESEARCH AND COMMERCIALIZATION STATE SPECIAL REVENUE ACCOUNT ESTABLISHED IN 90-3-1002 TO THE STATE GENERAL FUND.~~

NEW SECTION. Section 2. Fund Transfer (reinstates language - see Amendment 2)

NEW SECTION. Section 2. <sup>3</sup>/<sub>A</sub> Appropriation. The following amounts are appropriated to the department of agriculture from the ~~general fund~~ <sup>(general fund)</sup> AMOUNT ALLOCATED IN 15-35-108(9)(B)(II) TO THE GROWTH THROUGH AGRICULTURE PROGRAM PROVIDED FOR IN TITLE 90, CHAPTER 9, <sup>4</sup>/<sub>A</sub> for each of the fiscal years 2010 and 2011 to establish and administer the Montana food and agricultural development program as provided in [section 1]:

|   | FY 2010                           | FY 2011                                       |
|---|-----------------------------------|---|
| <sup>Four</sup> / <sub>Six</sub> centers, operation | \$360,000                         | \$360,000 <sup>6</sup> / <sub>\$240,000</sub> |
| Administration                                      | \$10,000                          | \$10,000                                      |
| Total   | <del>\$370,000</del><br>\$250,000 | <del>\$370,000</del><br>\$250,000             |

NEW SECTION. Section 3. <sup>4</sup>/<sub>A</sub> Codification instruction. [Section 1] is intended to be codified as an integral part of Title 80, chapter 11, and the provisions of Title 80, chapter 11, apply to [section 1].

- 1 COORDINATION SECTION. Section 5 - (coordinates with HB 123 to  
2 address possible elimination of research + commercialization fund)  
3 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2009.
- END -

**90-3-1003. Research and commercialization account -- use.** (1) The research and commercialization account provided for in 90-3-1002 is statutorily appropriated, as provided in 17-7-502, to the board of research and commercialization technology, provided for in 2-15-1819, for the purposes provided in this section.

(2) The establishment of the account in 90-3-1002 is intended to enhance the economic growth opportunities for Montana and constitute a public purpose.

(3) The account may be used only for:

(a) loans that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana;

(b) grants that are to be used for production agriculture research and commercialization projects, clean coal research and development projects, or renewable resource research and development projects to be conducted at research and commercialization centers located in Montana;

(c) matching funds for grants from nonstate sources that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana; or

(d) administrative costs that are incurred by the board in carrying out the provisions of this part.

(4) At least 20% of the account funds approved for research and commercialization projects must be directed toward projects that enhance production agriculture.

(5) (a) At least 30% of the account funds approved for research and commercialization projects must be directed toward projects that enhance clean coal research and development or renewable resource research and development.

(b) If the board is not in receipt of a qualified application for a project to enhance clean coal research and development or renewable resource research and development, subsection (5)(a) does not apply.

(6) An applicant for a grant shall provide matching funds from nonstate sources equal to 25% of total project costs. The requirement to provide matching funds is a qualifier, but not a criterion, for approval of a grant.

(7) The board shall establish policies, procedures, and criteria that achieve the objectives in its research and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

(a) the project's potential to diversify or add value to a traditional basic industry of the state's economy;

(b) whether the project shows promise for enhancing technology-based sectors of Montana's economy or promise for commercial development of discoveries;

(c) whether the project employs or otherwise takes advantage of existing research and commercialization strengths within the state's public university and private research establishment;

(d) whether the project involves a realistic and achievable research project design;

(e) whether the project develops or employs an innovative technology;

(f) verification that the project activity is located within the state;

(g) whether the project's research team possesses sufficient expertise in the appropriate technology area to complete the research objective of the project;

(h) verification that the project was awarded based on its scientific merits, following review by a recognized federal agency, philanthropic foundation, or other private funding source; and

(i) whether the project includes research opportunities for students.

(8) The board shall direct the state treasurer to distribute funds for approved projects. Unallocated interest and earnings from the account must be retained in the account. Repayments of loans and any agreements authorizing the board to take a financial right to licensing or royalty fees paid in connection with the transfer of technology from a research and commercialization center to another nonstate organization or ownership of corporate stock in a private sector organization must be deposited in the account.

(9) The board shall refer grant applications to external peer review groups. The board shall compile a list of persons willing to serve on peer review groups for purposes of this section. The peer review group shall review the application and make a recommendation to the board as to whether the application for a grant should be approved. The board shall review the recommendation of the peer review group and either approve or deny a grant application.

(10) The board shall identify whether a grant or loan is to be used for basic research, applied research, or some combination of both. For the purposes of this section, "applied research" means research that is conducted to attain a specific benefit or solve a practical problem and "basic research" means research that is conducted to uncover the basic function or mechanism of a scientific question.

(11) For the purposes of this section:

(a) "clean coal research and development" means research and development of projects that would advance the efficiency, environmental performance, and cost-competitiveness of using coal as an energy source well beyond the current level of technology used in commercial service;

(b) "renewable resource research and development" means research and development that would advance:

(i) the use of any of the sources of energy listed in 69-3-2003(6) to produce electricity; and

(ii) the efficiency, environmental performance, and cost-competitiveness of using renewable resources as an energy source well beyond the current level of technology used in commercial service.

## 1 HOUSE BILL NO. 123

2 INTRODUCED BY JONES

3 BY REQUEST OF THE DEPARTMENT OF AGRICULTURE AND THE DEPARTMENT OF COMMERCE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE STATUTORY APPROPRIATIONS FOR THE  
6 GROWTH THROUGH AGRICULTURE PROGRAM AND FOR RESEARCH AND COMMERCIALIZATION  
7 PROJECTS; EXTENDING THE TERMINATION DATE FOR CERTAIN ALLOCATIONS AND STATUTORY  
8 APPROPRIATIONS OF THE INTEREST INCOME FROM \$140 MILLION OF THE COAL SEVERANCE TAX  
9 PERMANENT FUND; AMENDING SECTION 15-35-108, MCA, SECTION 3, CHAPTER 481, LAWS OF 2003,  
10 AND SECTION 6, CHAPTER 481, LAWS OF 2003; AND PROVIDING EFFECTIVE DATES AND A  
11 TERMINATION DATE."  
12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14  
15 **Section 1.** Section 15-35-108, MCA, is amended to read:16 **"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter  
17 must, in accordance with the provisions of 17-2-124, be allocated as follows:18 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,  
19 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
20 17-6-203(6) and invested by the board of investments as provided by law.21 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program  
22 account established in 17-7-205.23 (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated  
24 by the legislature for provision of basic library services for the residents of all counties through library federations  
25 and for payment of the costs of participating in regional and national networking, conservation districts, and the  
26 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.  
27 Money may not be transferred from this account to another account other than the general fund. Any unreserved  
28 fund balance at the end of each fiscal year must be deposited in the general fund.29 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
30 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,

1 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
2 described in 23-1-102.

3 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
4 resource loan debt service fund.

5 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
6 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
7 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
8 cultural and aesthetic projects.

9 (7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established  
10 in 90-6-1001.

11 (8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must  
12 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

13 (9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the  
14 provisions of this chapter must be credited to the general fund of the state.

15 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited  
16 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

17 (i) \$65,000 to the cooperative development center;

18 (ii) ~~\$1.25 million~~ \$625,000 for the growth through agriculture program provided for in Title 90, chapter 9;

19 (iii) ~~\$3.65~~ \$1.275 million to the research and commercialization state special revenue account created  
20 in 90-3-1002;

21 (iv) to the department of commerce:

22 (A) \$125,000 for a small business development center;

23 (B) \$50,000 for a small business innovative research program;

24 (C) \$425,000 for certified regional development corporations;

25 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

26 and

27 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2010 ~~2019~~ sec. 6, Ch. 481, L. 2003.)

28 **15-35-108. (Effective July 1, 2010 ~~2019~~) Disposal of severance taxes.** Severance taxes collected  
29 under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

30 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,



1 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under  
2 17-6-203(6) and invested by the board of investments as provided by law.

3 (2) The amount of 12% of coal severance tax collections is allocated to the long-range building program  
4 account established in 17-7-205.

5 (3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated  
6 by the legislature for provision of basic library services for the residents of all counties through library federations  
7 and for payment of the costs of participating in regional and national networking, conservation districts, and the  
8 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.  
9 Money may not be transferred from this account to another account other than the general fund. Any unreserved  
10 fund balance at the end of each fiscal year must be deposited in the general fund.

11 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
12 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
13 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
14 described in 23-1-102.

15 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
16 resource loan debt service fund.

17 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
18 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
19 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
20 cultural and aesthetic projects.

21 (7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established  
22 in 90-6-1001.

23 (8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must  
24 be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

25 (9) All other revenue from severance taxes collected under the provisions of this chapter must be  
26 credited to the general fund of the state."

27

28 **Section 2.** Section 3, Chapter 481, Laws of 2003, is amended to read:

29 **"Section 3.** Section 10, Chapter 10, Special Laws of May 2000, is amended to read:

30 **"Section 10. Termination.** (1) [Section 1] terminates June 30, 2001.

1 (2) ~~[Sections 2 through 4]~~ [Sections 2 and 4] terminate June 30, 2005.

2 (3) [Section 3] terminates June 30, ~~2010~~ 2019."

3  
4 **Section 3.** Section 6, Chapter 481, Laws of 2003, is amended to read:

5 "**Section 6. Termination.** [Section 1] terminates June 30, ~~2010~~ 2019."

6  
7 NEW SECTION. Section 4. Effective dates. (1) [Section 1] is effective July 1, 2010.

8 (2) ~~[Sections 2 and 3]~~ 2, 3, AND 5 and this section] are effective October 1, 2009.

9  
10 NEW SECTION. SECTION 5. TERMINATION. [SECTION 1] TERMINATES JUNE 30, 2012.

11 - END -

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Amendments to House Bill No. 583  
3rd Reading Copy

For the Senate Agriculture, Livestock and Irrigation Committee

Prepared by Sue O'Connell  
April 2, 2009 (12:19pm)

1. Title, page 1, line 7.

**Following:** "APPROPRIATION;"

**Insert:** "AMENDING SECTION 15-35-108, MCA; "

2. Title, page 1, line 8.

**Following:** "DATE"

**Insert:** "AND A TERMINATION DATE"

3. Page 2.

**Following:** line 18

**Insert:** "Section 2. Section 15-35-108, MCA, is amended to read:

**"15-35-108. (Temporary) Disposal of severance taxes.**

Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established in 90-6-1001.

(8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) (a) Subject to subsection (9)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) \$65,000 to the cooperative development center;

(ii) except as provided in [section 3], \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) \$3.65 million to the research and commercialization state special revenue account created in 90-3-1002;

(iv) to the department of commerce:

(A) \$125,000 for a small business development center;

(B) \$50,000 for a small business innovative research program;

(C) \$425,000 for certified regional development corporations;

(D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(E) \$300,000 for export trade enhancement. (Terminates June 30, 2010--sec. 6, Ch. 481, L. 2003.)

**15-35-108. (Effective July 1, 2010) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 17-2-124, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all

counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established in 90-6-1001.

(8) After the allocations are made under subsections (2) through (7), \$250,000 for the fiscal year must be credited to the coal and uranium mine permitting and reclamation program account established in 82-4-244.

(9) All other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state."

{ Internal References to 15-35-108:

|            |           |            |           |
|------------|-----------|------------|-----------|
| 2-17-805x  | 17-7-205x | 17-7-502x  | 17-7-502x |
| 22-2-301x  | 22-2-304x | 22-2-321x  | 23-1-108x |
| 76-15-530x | 82-4-244x | 90-6-1001x | }"        |

**Renumber:** subsequent sections

4. Page 2, line 1.

**Following:** line 30

**Insert:** "COORDINATION SECTION. **Section 4. Coordination instruction.** If [this act] is passed and approved and House Bill No. 123 fails, then the appropriation provided for in [section 3 of this act] for fiscal year 2011 is void."

5. Page 3.

**Following:** line 2

**Insert:** "NEW SECTION. **Section 6. {standard} Termination.** [Section 2] terminates June 30, 2011."

- END -